

Smartlink US Dollar Managed Fund

August 2017



BLOOMBERG: AZUSMGD:IJ

INVESTMENT OBJECTIVE

The objective of the fund is to provide relatively stable income with capital preservation for the long term in U.S. Dollars.

INVESTMENT STRATEGY

To achieve the investment objective, this fund shall be invested 0-20% in short-term instruments (such as deposits), and 80-100% in the medium-or long-term instruments (such as government bonds, corporate bonds, and / or fixed-income funds), in U.S. Dollars.

PERFORMANCE INDICATOR

Return Performance

Last 1-year Period	1.32%
Best Month	9.61% Dec-08
Worst Month	-10.66% Oct-08

Portfolio Breakdown

Treasury Bonds	84.95%
Govt. Related Bond	6.70%
Cash/Deposit	8.35%

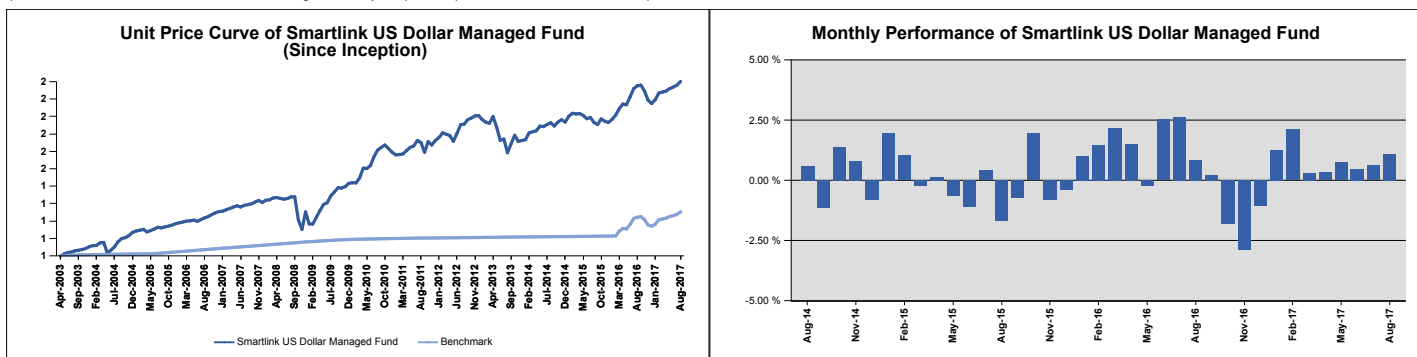
Top Five Bonds Holding

RI0038	6.72%
RI0521	6.09%
RI0727	5.82%
RI0124	5.45%
RI0747	4.97%

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Smartlink US Dollar Managed Fund	1.09%	2.19%	3.60%	1.32%	14.25%	7.12%	111.08%
Benchmark*	1.22%	2.34%	4.07%	2.73%	14.11%	7.71%	27.95%

*80% Bloomberg USD Emerging Market Indonesia Sovereign (BEMSID) Index and 20% Average Time Deposit (1 Month) of Bank BNI, BCA and Citibank

(Benchmark assessment; before Mar 2016: Average Time Deposit (1 Month) of Bank BNI, BCA and Citibank)



KEY FUND FACTS

Fund Size (in mio USD)	: USD 53.02
Risk Profile	: Moderate
Launch Date	: 07 Apr 2003
Fund Currency	: United States Dollar
Managed by	: PT Asuransi Allianz Life Indonesia

Pricing Frequency	: Daily	
Price per Unit	<i>Bid</i>	<i>Offer</i>
(As of Aug 31, 2017)	: USD 2.0053	USD 2.1108
Bid-Offer Spread	: 5.00%	
Management Fee	: 1.00% p.a.	

MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced Aug 2017 deflation at -0.07% mom (vs consensus inflation +0.06%, inflation +0.22% in Jul 2017). On yearly basis, inflation was slightly lower to +3.82%yoy (vs consensus inflation 3.99%, +3.88% in Jul 2017). Core inflation was printed at +2.98% yoy (vs +3.05% in Jul 2017). Deflation was mainly caused by lower food ingredients prices, also transportation and communication. In the Board of Governors' Meeting on 22 Aug 2017, Bank Indonesia cut its 7-day Reverse Repo Rate by 25bps from 4.75% to 4.50%, also Deposit Facility (DF) from 4.00% to 3.75% and Lending Facility (LF) from 5.50% to 5.25%. Rupiah depreciated by -0.21% to 13,351/USD at end of Aug 2017 from 13,323/USD in previous month. Trade balance booked a deficit of USD 0.27bn (non-oil and gas surplus USD 0.33bn, oil and gas deficit USD 0.60bn) in Jul 2017. Export rose by +41.12% YoY mostly driven by mineral fuel, while imports rose by +54.02% YoY. Indonesia's foreign reserves increased USD 4.67bn to USD 127.76bn in Jul 2017 from USD 123.09bn in Jun 2017. The increase was primarily attributable to foreign exchange receipts, among other from global bond issuance, tax revenues, government oil and gas export proceeds, as well as auction of Bank Indonesia foreign exchange bills.

USD government bond yields closed lower across the curve in Aug 2017 on the back of strong demand both from onshore and offshore names. BI's plan to roll out macro-prudential policy to boost funding also gave positive sentiment to the market. Bond players seem ignored the global risk-off on US-North Korea tensions for now on. Indonesia 2Q 2017 GDP number which announced in first week of August did not give significant impact to the market as players already expect the result. Indonesia's CDS 5yr level was better from 110/112 to 100/102. The 5Y yield Aug 2017 ended -8bps lower to 2.86% (2.94% in Jul 2017), 10yr tenor ended -17bps lower to 3.52% (3.69% in Jul 2017), and 30yr ended -14bps lower to 4.44% (4.58% in Jul 2017).

In regards to our recent portfolio strategy we increase the weighting and duration, and will opportunistically rebalancing portfolio should there be a continued rally in the fixed income market.